

*Mr. Bradshaw*

# INDUSTRY CIRCULAR



OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE

ALCOHOL AND TOBACCO TAX DIVISION

WASHINGTON 25, D. C.

Industry Circular No. 60-341 September 9, 1960

**WHOLESALE LIQUOR DEALERS' RECORDS AND REPORTS**  
Wholesale dealers in liquors and others concerned:

## Purpose.

This industry circular is to remind you of the effect of recent changes in the definitions of wholesale and retail dealers in the statute and in 26 CFR Part 194, as it relates to your records.

### Change in Definitions.

As defined by law and regulations in effect before July 1, 1959, a "wholesale" sale of distilled spirits was any sale of 5 gallons or more to the same person at the same time, and a "retail" sale was a sale of any quantity less than 5 gallons. The law was amended, effective July 1, 1959, so that a "wholesale" sale is now any sale of liquors by one dealer to another dealer (no matter how small the quantity involved), and a "retail" sale is any sale of liquors by a dealer to a person who is not a dealer (usually a consumer or a person obtaining distilled spirits for industrial use).

## Effect on Recordkeeping Requirements.

Under prior law and regulations, wholesale dealers could transfer spirits to their retail departments for the purpose of making sales in quantities of less than 5 gallons, thus avoiding entry on their wholesale records of sales in small quantities. Because of the change in definitions of wholesale and retail dealers, all sales of distilled spirits to dealers, no matter how small the quantity, must now be entered on the wholesale liquor dealer's records.

Under prior law and regulations, a wholesale dealer could consider all distilled spirits as having been received in the retail department, if 90 percent or more of the volume of distilled spirits was sold in quantities of less than 5 gallons; then when a sale of 5 gallons or more of distilled spirits was

made, the distilled spirits involved in the transaction were considered as having been transferred to the wholesale department at the time of sale. Under present law and regulations, a wholesale dealer may consider all distilled spirits as having been received in the retail department if 90 percent or more of the volume of distilled spirits sold is sold to persons who are not dealers (without regard to the quantity involved in the sale). Under this procedure, if a sale of any quantity, no matter how small, is made to a dealer, the distilled spirits involved in the transaction must be considered as having been transferred to the wholesale department at the time of sale, and the required record of the wholesale sale must be made.

A wholesale dealer must continue to prepare and to keep recapitulation records, render monthly reports, and file reports on Forms 52A and 52B (if the assistant regional commissioner has not waived the filing of the reports). However, under the present law and regulations the recording and reporting requirements are based on whether the sale is made to a dealer, rather than on the quantity sold. The wholesale dealer must also prepare and keep the "record of disposition" prescribed by 26 CFR 194.226 covering each sale or disposition of distilled spirits to another dealer. If the wholesale dealer had no wholesale transactions during the month, he is still required to render a monthly report on Form 338, showing "No transactions".



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